

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF CCA LP,) APPEAL NOS. 06-A-2130,
HSA LP, and SPRINGS OF ROYAL OAKS LTD from the) 06-A-2128 & 06-A-2129
decision of the Board of Equalization of Ada County for) FINAL DECISION
tax year 2006.) AND ORDER

COMMERCIAL PROPERTY APPEALS

THESE MATTERS came on for consolidated hearing September 29, 2006, in Boise, Idaho, before Hearing Officer Steven Wallace. Board Members David E. Kinghorn, and Lyle R. Cobbs participated in this decision. Partner Dan Jepsen appeared for Appellants. Chief Deputy Assessor Marilee Fuller and Deputy Assessor Craig Church appeared for Respondent Ada County. These appeals are taken from decisions of the Ada County Board of Equalization (BOE) denying the protests of the valuation for taxing purposes of real property described as Parcel Nos. R8226820010, S0634212707, and S1006337000.

The issue in these appeals is the market value of three apartment complexes.

The decision of the Ada County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed and requested values of the three properties follow. Values on a “per unit” basis are in parenthesis.

PARCEL NO.	COUNTY'S VALUE	TAXPAYER'S VALUE	UNITS	BUILT
R8226820010	\$15,386,100 (\$58,281)	\$12,235,578 (\$46,347)	264	1990
S0634212707	\$ 6,948,400 (\$57,903)	\$ 5,286,852 (\$44,057)	120	1989
S1006337000	\$14,089,600 (\$48,922)	\$11,574,042 (\$40,188)	288	1986

The three properties are large apartment complexes with many amenities, including swimming pool and clubhouse.

Appellant noted the 2006 assessed value was up 32.2% over 2002, while the NOI (net

operating income) was down from 2002.

The three approaches to value were analyzed. Appellants claimed the comparable sales used by the County Assessor were the same as the prior year, and if nothing has changed, what caused the increase in subjects' values. Six properties were noted to have sold twice in the past seven years. Four of the six sold for less the second time. Appellant concluded property values are stagnant or down.

Appellants contended some comparable sales sell for above market value, especially if it is a 1031 exchange. Interest in reinvesting money could lead to over-payment on new investment property. The Assessor argued over-payment was not necessarily present, it would depend on the time available for reinvestment. Appellants also asserted sales for potential condominium property verses rental property might lead to the potential condominium property selling at a premium.

No value was derived using the Cost Approach by either the County or Appellants.

Appellants disagree with the Assessor's methods of collecting information to use in calculating the income approach to value. A detailed critique of the Assessor's components of the income method and a presentation of Appellants' calculations was found in Appellants' Exhibit.

Appellants believe the actual income and expenses should be used to calculate the income approach and a correct value of subject. Appellants believe the actual incomes, when voluntarily presented by an owner, are the best basis. Subjects' information was shared regarding the actual numbers for subjects. The Assessor furnished a comparison of NOI's for subjects using market figures compared to actual figures from Appellants. Disallowing interest and depreciation, the total NOI using actuals was higher than the NOI using market amounts.

According to the Assessor, it is legally mandated to establish market value on subjects. 2006 was a reappraisal year for all Ada County apartments. Details on 2005 sales comparisons are as follows:

NAME OF COMPLEX	SALE DATE	SALE PRICE PER UNIT
Landing	7/14/05	\$55,327
Falcon Valley	6/10/05	\$73,986
Seasons	6/01/05	\$57,083
Ann Morrison Park	2/17/05	\$46,696
Benchmark	2/23/05	\$61,083
Reflections at Rivers Edge	3/04/05	\$55,247
Woodbridge	1/14/05	\$40,000

The Assessor noted some of the above sales were more comparable to subjects than others. It was also found that the average base capitalization rate of these sales was .065386. In conclusion, the Assessor testified the cap rate used was well established and supported by the local market.

The County noted market value is the standard for each property and asserts an appraisal must consider the available sales. Respondent believed reappraisal modeling considered the comparable sales and its value positions on appeal reflect the sales. Whereas, Appellants' value positions are characterized as extremely low and not based on sales. The County individually reviewed the comparable sales in relation to each subject, noting the indicated price in comparison to both the taxpayer's value and the County's.

One example from the County's case involved a subject assessed at \$44,722 per unit. Taxpayer requested \$38,834 per unit. The Assessor contrasted a January 2005 sale price at

\$40,000 per unit with the two value positions. The sale involved a 200 unit complex 16 years older than subject. The Assessor thought it impossible that subject being so much newer could sell for less. Appellants attempted no notable consideration of the County sales nor did Appellants bring any independent sales or listing information.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Market value is the most probable price a property would sell for as of a specific point in time. Idaho Code § 63-201(10) provides a fuller definition. The assessment (appraisal) date is January 1, 2006. Idaho Code § 63-205(1).

Market value is to be determined according to recognized appraisal methods which generally fall into three categories: the cost, income and sales comparison approaches to value. Idaho Code §§ 63-208(1), 63-314; Fairway Dev. Co. v. Bannock County, 113 Idaho 933 at 937, 750 P.2d 954 (1988). In the current case, both parties rely significantly on an income approach, but differ on the correct inputs and in the calibration aspect of arriving at the end result. The main difference was the application of market information verses actual information.

Ada County's income approach model was derived from a recent revaluation of subjects and similar properties.

The Board finds no supporting evidence that subjects would sell for Appellants' requested values.

Appellants' case does not consider the apartment sales information in a meaningful fashion. Appellants bring no new sales information or helpful analysis of the sales.

By comparison, the County modeling considerations appear consistent with a market-calibrated income approach to value and the final values for each subject are reasonably supported by the best comparable sales. Respondent did in fact give consideration to subjects' actual performance. The Assessor's NOI estimates bore a reasonable relationship to actual figures.

Absent a showing that an assessed valuation of property was prejudicially discriminative as to the property, or that the assessment was otherwise unlawful or erroneous, the presumption prevails that the value affixed by the assessor is correct. Janss Corp. vs. Board of Equalization of Blaine County, 93 Idaho 928, 478 P.2d 878 (1970).

This Board concludes Appellants have not proved the inaccuracy of subjects' assessments, therefore we affirm the decision of the Ada County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the value decisions of the Ada County Board of Equalization concerning the subject parcels be, and the same hereby are, affirmed.

DATED this 2nd day of May 2007.